AR Today

Deputy Under Secretary of Defense for Acquisition Reform, Mr. Stan Soloway, Departs the Department of Defense

When Mr. Stan Z. Soloway cleaned out his office at the Pentagon, he left knowing he helped make acquisition reform part of DoD's culture. Mr. Soloway, Deputy Under Secretary of Defense for Acquisition Reform (DUSD(AR)) and Director of the Defense Reform Initiative (DRI), said farewell to DoD on 29 December 2000, after nearly three years of overseeing the Department's acquisition reform efforts. Throughout his tenure, Mr. Soloway helped solidify a culture of reform throughout the Defense Department by developing strategies for reinventing and streamlining DoD operations and organizations to take better advantage of the private sector's best business practices and information technology advances.

As DUSD(AR), Mr. Soloway was the Under Secretary of Defense for Acquisition, Technology and Logistics's (USD(AT&L)) senior official responsible for developing and implementing policy and process changes to acquisition practices. "DoD cannot afford to do business the old way," Mr. Soloway said in an interview early last year, "We need to study what industry offers. We need to learn from them, and partner with them. Then we need to share that information and make it second nature for people to embrace change."

As Director of DRI, Mr. Soloway had a leadership role in the most comprehensive reform initiative undertaken at DoD in decades. DRI encompasses virtually every aspect of the department's business operations, including electronic commerce/business, logistics, financial management and quality-of-life initiatives. In this role, he coordinated the Defense Management Council, an advisory body of the Department's senior civilian and military leaders.

Additionally, Mr. Soloway was also responsible for the USD(AT&L) career management, education and training of the department's 150,000 acquisition, technology and logistics workforce. He oversaw the re-engineering of the Defense Acquisition University, which serves some 30,000 students annually and the now underway re-engineering of the training and education opportunities for the acquisition workforce. Under his leadership, DoD also created the Change Management Center, the first office of its kind in the federal government.

Communication with those most affected by acquisition reform policies was key to Mr. Soloway's success. He became known for his travels to numerous sites for "town hall meetings"— exchanges with industry, government personnel and, most importantly, the grass-roots professionals who actually implement reform daily. He conducted these meetings with the acquisition workforce at every major DoD buying command and hosted quarterly live, satellite television broadcasts on key reform issues. As the number of missions with our allies grew, he also conducted discussions on acquisition issues with his counterparts and other defense officials in the United Kingdom, France, Australia, Japan, Singapore, Germany and other allied nations.

Mr. Soloway helped lead the expansion of the Single Process Initiative (SPI) that eliminated unnecessary government-unique process requirements at defense manufacturing facilities and replaced them with commercial, performance standards. SPI has since achieved cost savings and cost avoidance well in excess of $500 million.

Mr. Soloway focused on the acquisition of services, where acquisition money is predominately spent, and performance-based acquisition. Throughout his tenure, he renewed focus on

In this issue...

Dual Use Science and Technology (DU S&T) Awards Potential Commercial Use

Advances in commercial technology combined with declining defense budgets have, in many cases, changed DoD's traditional, defense-unique approach to technology development and procurement. Future DoD programs will need to take advantage of cost-conscious, market-driven commercial production and leverage the huge investments in leading-edge process technologies made by private industry.

The DoD's Dual Use Science and Technology (DU S&T) program provides an opportunity for combined private industry and military research and development to produce technology needed by both commercial and military customers. In joint development projects, partners share costs, risks and benefits on a 50/50 basis.

The DU S&T program requires that the proposed technology have both military relevance and potential benefit and sufficient potential commercial, non-defense applications to support a viable production base. Since 1997, approximately 300 projects have been initiated with over $800 million invested by DoD and industry to develop dual use technologies.

The DU S&T Achievement Award was established to recognize successful dual use projects and to honor DoD acquisition and technology workers responsible for their initiation and execution. Any S&T project that results in the development of a dual use technology and meets the minimum requirements identified under the selection process is eligible to compete. Dr. Delores Etter, Deputy Under Secretary of Defense for Science and Technology, presented the cash awards — first place was $5,000, and runner-ups each received $2,500 — at the "Commercial Technology for the Warfighter" conference held in November 2000.

The first place award was presented to Mr. Brad McNett and Mr. Mark Mushenski of the Army's National Automotive Center for their initiation and successful execution of "Electronically Controlled Active Braking System for Medium Duty Vehicles." With Continental Teves as their project contractor, these individuals were responsible for the successful development of anti-lock brake technology for the High Mobility Multipurpose Wheeled Vehicle (HMMWV) and medium-duty commercial trucks.

The dual use technology developed under this project will result in significant cost savings for the Army and improve the safety and performance of the HMMWV, as well as commercial light-duty truck applications.

One runner-up prize was awarded to Mr. Joel Arnold of the Air Force Research Laboratory for his work in "Future Air Navigation & Traffic Avoidance through Integrated Communications Navigation & Surveillance (FANTASTIC)." With

Soloway Departs DoD

challenges of access to technology — including intellectual property and access to commercial research and development capabilities.

"As our military continues to rethink and change to meet the new strategic challenges we face, as the commercial world continues to adapt to the challenges and enormous opportunities presented by the technological change and new global marketplace, so too must we, the DoD, continue to change the way we think about the business of defense," Mr. Soloway remarked at a Pentagon press conference two weeks before his departure.

Mr. Soloway plans to continue to stay active in acquisition issues as he assumes the role of President of the Professional Services Council (PSC) — a national trade association representing the professional and technical services industry. PSC's members provide technical and professional services in all areas including defense, space, environment, energy, education, health and international development, and assist virtually every department and agency of the federal government. Mr. Soloway was a key force in ensuring that acquisition reform has become the way to do business in the Department of Defense.

"Indeed, much has changed, and for the better," Mr. Soloway notes. "Given the complexity of our business practices, and the entrenched cultures we have inside and outside of government, I believe we have made substantial progress. But clearly, we must do more."

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How to Reach AR Today

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Program Executive Officer/Systems Commanders' (PEO/SYSCOM) Conference and Science and Technology (S&T) Expo: 'Continous Improvement and Innovation - Everyone's Responsibility'

Representatives of the DoD acquisition, logistics and requirements communities and defense industry convened at the Defense Systems Management College, Ft. Belvoir, VA for the Fall 2000 Program Executive Officer/Systems Commanders' (PEO/SYSCOM) Conference and Science and Technology (S&T) Expo: "Continuous Improvement and Innovation – Everyone's Responsibility." The conference provided program managers, other DoD officials and their industry counterparts a chance to exchange success stories and lessons learned. More than 400 conference attendees witnessed an enlightening line-up of topics, speakers, panelists and exhibits at the three-day event, which was organized under the aegis of the Defense Systems Affordability Council by the Office of the Deputy Under Secretary of Defense for Acquisition Reform (DUSD(AR)) and co-sponsored by Dr. Delores Etter, Deputy Under Secretary of Defense for S&T.

The conference emphasized continuous improvement and innovation in the transition of technology from the S&T community into the Defense acquisition process. That transition begins with awareness—the acquisition and operational communities must be aware of the technological capabilities and products that are available; and the S&T community must be aware of the operational requirements and corresponding acquisition strategies to meet them. The DoD Technology Expo 2000 was put on in conjunction with this conference to give attendees a greater understanding of how they can use S&T assets in their respective programs or portfolios.

Following up on their success at last spring's PEO/SYSCOM Workshop, conference organizers included a half-day of training tutorials to the conference. The tutorials covered a wide variety of subjects that either do or will affect the acquisition community, including: Knowledge Management, Information Assurance, Integrated Digital Environment, Implementing Performance-Based Payments, Commercial Practices, Cost of Delay, Implementing Alternative Dispute Resolution, Reverse Auctioning and Integrated Project Management.

Dr. Jacques Gansler, the Under Secretary of Defense for Acquisition, Technology and Logistics, gave his final PEO/SYSCOM Conference keynote address, and he reflected on the challenges and opportunities of the last several years. His message was that dramatic advances in technology and threats to national security caused by world events are driving changes in military operations. Dr. Gansler highlighted an increased DoD-wide emphasis on requirements, affordability and the transformation of logistics systems.

He spoke of the growing recognition that jointness and interoperability, with both multi-services and international coalitions, are the future face of warfare. Dr. Gansler stated that interoperability and increased globalization of industry create a need to share technology with allies and coalition partners.

Technology Leaders for the Future: Section 912(c) Study Status Report

With continual vast technological changes in warfare, it is critical to the future success of the warfighter mission that the Department of Defense recruit, develop, reward and retain a technical workforce of the highest caliber. Section 912(c) of the National Defense Authorization Act for Fiscal Year 1998 directs the Secretary of Defense to conduct a review of the organizations and functions of DoD acquisition activities and of the personnel required for conducting those activities. Accordingly, one of the areas targeted for Section 912(c) study is policy that might be employed to ensure the Department has the highest quality science and technology workforce.

A Senior Steering Group (SSG) made up of high-level DoD officials and their designees and an associated working group of DoD personnel experts developed a report and proposed legislative initiatives using a process that includes published workshop results, earlier studies, trend data, available tools and best practices.

The study report made recommendations in three major categories: 1) competencies; 2) developing the workforce; and 3) hiring and retirement. The report endorses the development of policy, programmatic and legislative proposals facilitating hiring, ensuring new hires have the desired future competencies, and avoiding precipitous loss of experience. The recommended action plan includes: examining hiring and retirement initiatives that will help to shape the future acquisition workforce; developing a strategy for incorporating universal competencies in acquisition and technology professional development programs; and using Overarching Integrated Process Teams and Functional Integration Process Teams to compare current and future functional competencies.

While recent authorization statutes will help DoD meet its technology personnel objectives, more needs to be done. The group recommends Congress pass: DARPA Experimental Personnel Pilot Program for Labs, DoD Civil Service Workforce Realignment Act 2000 (Voluntary Early Retirement Authority/Voluntary Separation Incentive Program), Clarification of Demonstration Authority, Scientist and Engineer Excepted Service, Scientist and Engineer Pilot Personnel Program, Civil Service Recruitment and Retention Act 2000 ("Bonuses") and Commercial Intergovernmental Personnel Act.

The group recommends Congress pass a number of legislative initiatives to further assist the Department with this objective.

For more details on the study status report, visit *http://www.acq.osd.mil/ar/doc/techrpt.pdf.*

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Services Plan to Implement Performance-Based Services Acquisition (PBSA) by 2005

As reported in the July/August 2000 issue of *AR Today,* DoD is moving from traditional military specifications and standard requirements to performance-based acquisition requirements. As a result, increased use of performance-based services acquisition (PBSA) strategies is among the Department's highest priorities. PBSA has been proven to enhance competition and innovation, encourage quality performance, reduce government risk and encourage commercial practices by having the Government decide performance requirements while the contractor decides how to perform the requirements.

On 5 April 2000, Dr. Jacques S. Gansler, Under Secretary of Defense for Acquisition, Technology and Logistics, issued a memorandum directing the Department to make a minimum of 50 percent of service acquisitions, measured in both dollars and actions, performance-based by the year 2005. To ensure that PBSA is implemented effectively, the directive requires that the relevant workforce be trained in PBSA by April 2001.

In response to Dr. Gansler's directives, each Military Service and the Defense Logistics Agency (DLA) recently developed PBSA implementation plans. While the plans differ, each reaches the goals directed by Dr. Gansler. In keeping with PBSA principles, Dr. Gansler decided the performance requirements but allowed the Services and DLA to determine how to do the work.

Army PBSA Implementation: The Army's Principal Assistants Responsible for Contracting are responsible for meeting the year 2005 PBSA goal of 50 percent. To help further this requirement, each major Army command (MACOM) is required to provide an initial plan to accomplish this goal and a PBSA training status report of their core-contracting workforce. Each MACOM is required to certify that their core-contracting workforce is current in PBSA by April 2001.

The Army's latest directly related initiative is the development of a Procurement Knowledge Center on the web. While this Center will expand to include other acquisition reform initiatives, its current focus is PBSA implementation. The Army will develop a charter for a proposed Breakthrough Rapid Improvement Team for operational support of PBSA using the Center. The web site, currently located at *http://216.4.82.41/ap/,* facilitates use of and training in PBSA. It will also develop a PBSA Action Learning Workshop Campaign Plan for United States Army Forces Command and the Training & Doctrine Command as an Army Pilot Activity toward developing mission requirements that can be converted into PBSA Statements of Work.

Navy PBSA Implementation: The PBSA implementation plan for the Department of the Navy focuses on performance-based acquisition, metrics, and training plans in the following business areas:

♦ Maintenance, overhaul, repair, service, rehabilitation, salvage, modernization or modification of supplies, systems or equipment

♦ Maintenance of real property

♦ Base operations and support

♦ Operation of government-owned equipment, facilities and systems

♦ Education and training

♦ Medical services

♦ Program management support

♦ Research and development (except basic and applied research)

Program Executive Officers, Direct Reporting Program Managers and System

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PEO/SYSCOM Conference

Dr. Gansler concluded his remarks by stating that the significant progress in acquisition reform over the past few years has come about through a change in attitude and culture within DoD and that the Department needs to continue moving forward.

Mr. Stan Soloway, DUSD(AR), presented a summary of activities since the last conference. Mr. Soloway described the accomplishments of the April 2000 Workshop, and how this conference continues to pursue these themes. Mr. Keith Charles, the Acquisition, Technology and Logistics Workforce 2005 Task Force Director, announced that the final draft of the report "Shaping the Acquisition Workforce of the Future" had just been released. To address coming demographic changes in the civilian acquisition workforce, the Task Force produced a report that offers recommendations in strategic planning, recruiting/hiring, career development, workforce management and quality of life.

Attendees shared ideas and initiatives and reviewed lessons learned in a number of panel discussions on important acquisition, sustainment and S&T topics, including:

♦ DoD S&T Executives

♦ Civil-Military Integration Perspectives

♦ Balancing Risk with Innovation

♦ Reducing Total Ownership Cost: R-TOC [Reducing Total Ownership Cost] is Real

♦ Evolutionary Acquisition at Work.

♦ Industry Associations' Perspectives on Reform's Achievements and Remaining Challenges

Other presenters spoke on "S&T Resources for Acquisition Managers," "Lessons Learned on Use of Commercially Developed Products" and "Service Acquisition Executives' Perspectives of Reform Achievements and Remaining Challenges." To view presentations from the Fall 2000 PEO/SYSCOM Conference, go to *http://www.acq.osd.mil/dsac/confern.htm.*

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Satellite Broadcasts Focus on the 'Force Behind the Force'

The final acquisition reform satellite broadcasts of calendar year 2000 gave both a look back and a look forward as Mr. Stan Soloway, Deputy Under Secretary of Defense for Acquisition Reform, opened the 12 September 2000 broadcast entitled: **"The Acquisition Workforce 2005: Managing Change, People and Performance."**

While acknowledging the rapid pace of business process change in the Department, Mr. Soloway said, "DoD cannot afford to remain static [if it is to meet upcoming goals]." That theme was continued in the final broadcast of the year, **"Into the Future of Defense Reform: The Mission and the Challenge,"** held 4 October 2000.

"The Acquisition Workforce 2005: Managing Change, People and Performance" focused on two overarching challenges DoD will face in its future civilian acquisition workforce: 1) to drive and manage change and 2) to train, retain and develop this "force behind the force."

Driving an emphasized focus on the acquisition professional are:

♦ Force modernization and recapitalization needs

♦ Balanced budget pressures

♦ Aging weapons systems

♦ Policy and practice changes

♦ Decreased workforce numbers due to workforce retirement or attrition

♦ Demographic changes

♦ Personnel pressures experienced in the marketplace

"The people are not the problem – we have a talented, dedicated workforce," said Dr. Jacques S. Gansler, Under Secretary of Defense for Acquisition, Technology and Logistics during his interview with Mr. Soloway. "The process is what has to change."

"The acquisition workforce of the future needs skills in business case analysis, computer literacy, more functionality and a much broader view of acquisition," said Dr. Gansler, "They need to have [better] leadership skills – they need to be able to make changes happen and be mentors for other change leaders. For future success, we must develop our people to their maximum potential. "This is why some of

the personnel change elements of acquisition reform exist – such as the Acquisition Workforce 2005 Taskforce, Continuous Learning Policy and Workforce Personnel Demonstration Project.

The broadcast finished with two panel discussions. The first, which focused on strategic human capital planning, featured Mr. David Walker, Comptroller General of the United States and Dr. Bernard Rostker, Deputy Under Secretary of Defense for Personnel and Readiness. Mr. Walker said that people are the most vital asset in the new information economy and encouraged a human capital approach that emphasizes flatter organizations and retention, recruitment and retraining that creates the skills needed for and cultural acceptance of them. Dr. Rostker spoke from the DoD perspective on using talent in a flexible way – from phased retirement and sabbatical concepts to multifunctional training, citing the Defense Leadership and Management Program (DLAMP) as an example.

The second panel discussion of the broadcast featured Mr. Keith Charles, Director, Acquisition, Technology and Logistics, Civilian Career Management; Mr. William Mounts, Director, International and Commercial Systems Acquisition; Brigadier General James Feigley, Commander, Marine Corps Systems Commands and Brigadier General Select Darrell Scott, United States Air Force. They gave examples of programs designed to develop people and usher in organizational change.

The 4 October Satellite Broadcast, **"Defense Reform: The Mission and the Challenge,"** opened with an interview between Mr. Soloway and Secretary of Defense Mr. William Cohen. In discussing the Defense Reform Initiative (DRI), Secretary Cohen said, "We improve procurement for effectiveness; it's not budget-driven per se. If we save that money, we can invest in quality of life for the warfighter. It's all tied together."

"Everything we do starts and ends with the quality of our people," Mr. Rudy deLeon, Deputy Under Secretary

of Defense added in his interview with Mr. Soloway, "The QDR [Quadrennial Defense Review] asks us if we have the right processes in place to support our investment." DRI puts those processes in place, according to Mr. deLeon. "We've made a great start in organizational streamlining," he stated, "We have a blueprint, but we're not [yet] in step with the culture. DRI has achieved savings but not as much as we would like due to the up-front investments [needed to initiate change]."

Dr. Gansler held a panel discussion with Ms. Alice Maroni, Principal Deputy Under Secretary of Defense (Comptroller); Rear Admiral Raymond A. Archer, Vice Director, Defense Logistics Agency and Lieutenant General John Pickler, Chief of Staff, United States Army. They touched various defense reform issues, including DoD financial management, business process reengineering, personnel management and quality of life.

While these were the last broadcasts of the year 2000, it is clear that reform will continue throughout the 21st century.   *–AR–*

Paid Cost Rule Ensures Payment Consistency

The Paid Cost Rule required that large businesses pay suppliers before those costs could be included in billings to the Government. It was eliminated for contracts not yet awarded in the Federal Acquisition Circular (FAC) 97-16, released in March 2000.

The Paid Cost Rule requirements created a dual billing system, with one for contracts in which subcontractor costs were not paid and one for completed contracts. Dual billing, in turn, created higher administrative costs. A DoD cost-benefit analysis determined that the costs necessary to achieve the savings associated with a single billing system were less than the existing interest payments (i.e., Government cost of capital) of recorded, but unpaid, subcontract costs one period earlier created by the dual billing system.

Defense Acquisition University's
Strategic Plan for the 21st Century

Much like the acquisition, technology and logistics workforce of the future, the Defense Acquisition University (DAU) must also be adaptable, timely and customer-focused. As a result, its new strategic plan is focused on aggressively moving forward with distance learning, knowledge management, and a transition to a case-based training environment. DAU also is building an organizational culture that empowers its workforce, encourages innovation, and establishes strategic alliances with the private sector and field organizations.

The overarching goals of the DAU Strategic Plan are to:

♦ Provide stakeholders and customers with what they need, when, and where they need it

♦ Operate as a premier learning enterprise

♦ Advance excellence in acquisition business practices

♦ Employ knowledge management to enhance learning and productivity

♦ Provide stakeholders and customers with a preeminent faculty and staff

DAU has worked with the Department's senior leadership to select ten Fast-Track Initiatives for rapid implementation. These initiatives will establish a collaborative teaming environment and improve the efficiency of existing and proposed training. They are:

1. DAU Headquarters/Defense Systems Management College Collocation at Fort Belvoir
2. Revision of Program Management (PM) Training Curriculum
3. Critical Thinking and Case-Based Curriculum
4. Faculty Development and Currency
5. Budget Reassessment and Realignment
6. Functional Integrated Process Team/Overarching Integrated Process Team (FIPT/OIPT) Jump-Start
7. Supporting the New DoD 5000 Changes
8. Knowledge Management
9. Change Management Center
10. Strategic Alliances

DAU has a brochure further detailing these Fast-Track Initiatives. To download a PDF of the brochure, go to *http://www.dsmc.dsm.mil/educ_main.htm* and click on "DAU – Fast-Track Initiatives."   *–AR–*

5000 Rewrite

The DoD Directive (DoDD) 5000.1, the Defense Acquisition System, and DoD Instruction 5000.2, Operation of the Defense Acquisition System, have been released. The rewrite of DoDD 5000.1 cancelled the regulation DoD 5000.2-R, dated 15 March 1996. Until 5000.2-R is rewritten, an Interim Regulation, Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs, is in effect. All three documents can be found at *http://www.acq.osd.mil/ar*. Get up to date!

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New DAU President

Mr. Stan Soloway, Deputy Under Secretary of Defense for Acquisition Reform, announced that Mr. Frank J. Anderson, Jr. is the new President of Defense Acquisition University. Mr. Anderson's final active military duty was as the Commandant of the Defense Systems Management College. Prior to his assignment as Commandant, he served as Deputy Assistant Secretary for Contracting, Office of the Assistant Secretary for Acquisition, Headquarters, Air Force.

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DU S&T

Rockwell-Collins as the project contractor, this effort developed a cost-effective solution for upgrading tactical fighters and general aviation to comply with requirements being mandated by the Federal Aviation Administration. The project successfully accommodates space restraints on military aircraft and cost restraints on commercial aircraft to develop a true dual use technology.

The other runner-up award went to Mr. Charles Caposell of the Navy's Naval Air Systems Command for his work in "Renewal of Legacy Software Systems." With CPU Technology as the project contractor, a family of configurable processor frameworks called CFrames that will allow for the updating of aging/obsolete hardware without requiring costly rewrite and validation of already proven software was developed. Initial applications of the technology are on the modernization of a radar processing system and an airborne radar computer for the F-18. The company currently is pursuing commercial aerospce opportunities.

For more information on the DU S&T program, go to *http://www.dtic.mil/dust/*.

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UPCOMING EVENTS

The **Office of the Deputy Under Secretary of Defense for Acquisition Reform** is hosting the **PEO/SYSCOM Commanders' Conference, "Acquisition Reform: The Road Ahead**," on **1-3 May** at the **Defense Systems Management College, Ft. Belvoir, VA campus**. Discussions will focus on the new administration's views on latest trends and changes in the acquisition process and in the acquisition community. This will be one of the first opportunities for a top-down, bottom-up forum among senior acquisition personnel and workforce leadership. Registration and conference information can be found at *http://www.acq.osd.mil/dsac/peoconf.htm*.
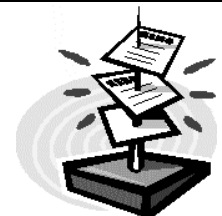
PBSA
(continued from page 4)

Commands are required to identify relevant personnel and submit PBSA training plans. To develop a data baseline for FY 2000 and to assess Navy effectiveness in implementing PBSA, heads of contracting activities must provide information on performance-based accomplishments within thirty days after the end of the fiscal year.

Air Force PBSA Implementation: The Air Force PBSA implementation plan stresses the support of senior leadership. The plan was approved by the Secretary of the Air Force for Acquisition on 27 June 2000. It targets the relevant workforce at all levels of command, and provides a robust information distribution campaign, multiple training opportunities, and collection of performance data.

PBSA metrics will be reviewed on a quarterly basis, and FAR 37.6 requirements must be met in order to classify contracts as performance-based. The Air Force plan also initiates mandatory PBSA training for all relevant workforce no later than April 2001. This training will be easily accessible with multiple forums, and documented at the local level.

Defense Logistics Agency (DLA) PBSA Implementation: DLA implementation plan focuses on creating a PBSA information campaign via its homepage and the creation of a "Service Contracting Center of Excellence" in Battle Creek, MI. DLA's contracting point of contacts will identify organizational entities that require PBSA training, and each entity will help determine requirements and identify personnel. Site-specific training plans are to be submitted to DLA headquarters, with training for the relevant workforce completed by 30 April 2001.

The PBSA implementation plans submitted by the Services and DLA ensure that they will meet the goal of implementing 50 percent PBSAs while meeting their unique requirements and bringing DoD ever closer to more fully commercial-based, performance-based, best practices services acquisition.

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Paid Cost Rule
(continued from page 5)

Therefore, eliminating the Paid Cost Rule made sense. Two issues remained, however: 1) how to apply the change to existing contracts and 2) ensuring timely subcontractor payments.

To implement the changes, the Defense Contract Management Agency (DCMA) executed a block modification to the DoD contracts administered by DCMA (approximately 175,000 contracts). The agency also negotiated with its largest suppliers at the corporate level and made modifications when necessary. All needed work was completed by late June 2000. This approach saved millions in administrative costs and maximized cost avoidance by moving quickly to a single billing system.

Under the Paid Cost Rule, large businesses had incentives to pay their subcontractors – often small businesses – on time. To eliminate small business concerns about the change, payment of recorded, but unpaid, subcontract costs will be allowed when those costs will be paid (1) in accordance with the terms and conditions of the subcontracts and invoices, and (2) ordinarily prior to submission of the contractor's next payment request to the Government. A proposed rule, Federal Acquisition Regulation Case 2000-007, would establish a standard time period of 30 days that contractors have to pay their vendors after the contractors have billed the Government for incurred costs. Meetings were held with small business regulatory agencies and industry associations prior to the regulatory change to ensure buy-in and address concerns. DCMA and the Defense Contract Audit Agency also have developed guidance to verify prime contractors' compliance with the requirement. If subcontractor payments are not made in a timely manner, a prime contractor would no longer be able to include subcontract costs in billings.

To read the rule changes in their entirety, go to *http://www.arnet.gov/far/FAC/fac97-16.pdf*.

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AR ONLINE

Buyers.gov is an online resource for e-procurement, including reverse auctions, volume purchasing and receiving "quick quotes." The Defense Finance and Accounting Service recently completed the largest reverse auction to date on buyers.gov, purchasing $7.6 million in computer equipment and saving taxpayers approximately $2 million. For more details, log on to *http://www.buyers.gov*.

FirstGov.gov is a government-wide portal that makes possible instantaneous searches of the 40 million pages the federal government has posted on the Internet. The search index eliminates stovepipes in favor of functionality by allowing searches by function as well as agency. Each link is followed by a short summary of its contents.

Government agencies and non-profit organizations can have integrated, searchable "access points" to FirstGov.gov for free; commercial entities will be charged fees to do so. However, any web site may post a link to FirstGov.gov at no charge and any member of the public may surf the portal for free.

See where the Government and those that do business with it can come together at *http://www.firstgov.gov*.

These and all web sites spotlighted in this column can be directly linked from the "Other AR Sites" page on the DUSD(AR) web site *(http://www.acq.osd.mil/ar/sites.htm)*. It's the most comprehensive listing of AR-related sites anywhere on the web...

Bookmark it!

Defense Procurement Payment System (DPPS) Replaces Mechanization of Contract Administration Services (MOCAS)

As part of an overall plan to modernize and standardize contract and vendor pay, and eliminating unmatched disbursements and negative unliquidated obligations, the Mechanization of Contract Administration Services (MOCAS) System will be retired by the Defense Finance and Accounting Service on 1 October 2002. MOCAS will be replaced by the Defense Procurement Payment System (DPPS), a single point of data entry and shared data environment for procurement and contracting needs. DPPS will eliminate the various subsystems of MOCAS and facilitate paperfree contracting.

Consistent with acquisition reform, the transfer from MOCAS to DPPS will eliminate functional stovepipes in favor of a broad acquisition perspective and the use of shared data. MOCAS is separated into functional stovepipes such as Contract Maintenance, Materiel Control, Financial Management, Contract Management, Quality Management, Program and Technical Support, Management Information, Systems Support and Operations Support. DPPS will make use of a shared data warehouse that will pull common data for every contract and keep contract functions together, creating a one-stop contract payment and management system.

To ease the transition from MOCAS to DPPS, the Defense Contract Management Agency(DCMA)'s MOCAS Transition Assistance Center is helping the Services implement Defense Reform Initiative Directive (DRID) #53 – Reconciliation of Contracts in the MOCAS System. DRID #53 mandates a "brown out" period beginning August 2002 where new contracts will be paid out of DPPS and existing contracts will be paid out of MOCAS. During the "brown out" period, all MOCAS contracts that can be closed or reconciled will be acted upon. At the conclusion of the "brown out" period, all remaining MOCAS contracts will be converted to DPPS.

According to the MOCAS Transition Assistance Center, 600,000 contracts will be closed in MOCAS and 30,000 contracts will be transferred from MOCAS to DPPS in the next two years to meet the 1 October 2002 MOCAS retirement deadline. For further information on the MOCAS Transition Assistance Center and the reconciliation process, go to the DCMA website, *http://www.dcma.mil*, and click on "DRID #53- Contract Closeout" under "RBA Initiatives." For further information on DPPS, check the Defense Finance and Accounting website, *http://www.dfas.mil*.

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